

# HOUSE BUDGET COMMITTEE

## Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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214 O'Neill HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ [www.house.gov/budget\\_democrats](http://www.house.gov/budget_democrats)

October 30, 2001

### **The \$40 Billion Emergency Supplemental: Where the Disaster Assistance Is Going**

Dear Democratic Colleague:

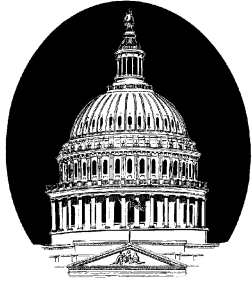
I have received many inquiries about the \$40 billion emergency supplemental measure. Such questions include: how the funding is to be allocated; what portion must be used for New York; the role of Congress in determining the allocation of the funds; and how the funding will be scored by the Congressional Budget Office.

The Democratic staff of the House Budget Committee has prepared an analysis that answers these and other questions. While the entire \$40 billion supplemental has not been fully allocated, this analysis summarizes actions to date.

I hope you find this report useful and informative. If you have any questions, please do not hesitate to contact me at 225-5501 or the Budget Committee staff at 226-7200.

Sincerely,

John M. Spratt, Jr.  
Ranking Democratic Member



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### **The \$40 Billion Emergency Supplemental: Where the Disaster Assistance Is Going**

The report is a summary of the \$40 billion emergency supplemental appropriations measure Congress approved in the wake of the terrorist attacks of September 11, including where the money will go and how it will be spent. It summarizes the different blocks of funding contained in the legislation, and discusses how much of the \$40 billion is intended for New York and the other affected communities. Finally, the report's appendix details how the Congressional Budget Office plans to score the legislation.

#### **\$40 Billion Emergency Appropriations Bill**

Congress responded immediately to the attacks by passing H.R. 2888, the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States. The bill became law on September 18 (P.L. 107-38). The measure provides emergency funding to aid "the victims of the attacks, and to deal with other consequences of the attacks," including (but presumably not limited to):

- 1) federal, state, and local preparedness for mitigating and responding to the attacks;
- 2) support to counter, investigate, or prosecute terrorism;
- 3) increased transportation security;
- 4) repair of public facilities and transportation systems damaged by the attacks; and
- 5) support for national security.

The law provides a total of \$40 billion in emergency supplemental appropriations, but divides that \$40 billion into three separate blocks of funding.

- The first block is \$10 billion that is immediately available for obligation and can be spent in any manner the Administration chooses so long as it is consistent with the intent of the law.
- The second block of \$10 billion may be obligated 15 days after the Office of Management and Budget (OMB) gives the Appropriations Committees a spending plan. Again, the Administration has wide latitude in determining how to spend the funding.

- The measure provides a final block of \$20 billion on the condition that the Congress include funding in a subsequent emergency appropriations bill. Thus, the \$40 billion emergency supplemental truly makes available only \$20 billion, and in effect promises another \$20 billion. The second \$20 billion can be either a stand-alone measure, added to another appropriations bill as a separate title, or spread among several other appropriations bills.

The law states that “not less than one-half of the \$40,000,000,000 shall be for disaster recovery activities and assistance related to the terrorist acts in New York, Virginia, and Pennsylvania...” In other words, the government will spend at least half of the \$40 billion to help New York, Virginia, and Pennsylvania recover from the attacks.

The Administration released emergency funds on September 21, September 28, October 5, and October 22. On October 17, the Administration proposed spending the second \$20 billion. In each instance, it has specified whether the released or requested amounts were to come from the \$10 billion made available immediately, the \$10 billion available after 15 days, or the \$20 billion available pending subsequent legislation. Of the \$40 billion, \$8.8 billion has been released and \$20 billion has been requested by the Administration to date. This leaves \$11.2 billion in funds that have not been released or requested.

<b>Release Timetable For \$40 Billion</b>		
<b>Fund</b>	<b>Amount Released</b>	<b>Remaining</b>
<b>Immediate Release</b>		<b>\$10.0 billion</b>
September 21	\$5.1 billion	\$4.9 billion
September 28	\$1.8 billion	\$3.1 billion
October 5	\$196 million	\$2.9 billion
October 22	\$71 million	\$2.8 billion
<b>15-Day Release</b>		<b>\$10.0 billion</b>
October 22	\$1.6 billion	\$8.4 billion
<b>Requires Legislation</b>		<b>\$20 billion</b>
October 17	\$20 billion requested	

## **\$10 Billion, Immediate Release**

***\$7.2 billion released, \$2.8 billion remaining***

- On **September 21**, the Administration released \$5.1 billion of the funds: \$2.5 billion to the Department of Defense (DOD), \$2 billion to the Federal Emergency Management Agency (FEMA), and approximately \$500 million to other agencies. Of the \$2.5 billion for DOD, \$1.8 billion was for upgrading intelligence and security, enhancing force protection, improving command and control, and increasing full readiness. The remaining \$776 million was for initial crisis response, Pentagon repair, and other recovery needs. FEMA received \$2 billion for debris removal and emergency protective measures, individual and family assistance, search and rescue, and other disaster assistance efforts in New York and other affected jurisdictions. The remaining

\$567 million was for a variety of agencies and purposes, including the following: emergency grants to disaster-affected metropolitan area health providers; investigative expenses of the FBI; increased airport security and sky marshals; evacuation of high-threat embassies abroad; additional funding for the Small Business Administration disaster loan program; and other national security operations.

- On **September 28**, the Administration released another \$1.8 billion, \$1.7 billion of which was for DOD. The DOD funds were to increase efforts against global terrorist activities, sustain protective deployments, and protect the safety and health of service members and the public. The remaining \$112 million was used for increased security measures such as relocating Eisenhower Executive Office Building personnel, paying overtime compensation for the Capitol Police, and enhancing security in courthouses.
- On **October 5**, \$196 million was released for several purposes, including the creation of the Office of Homeland Security, the establishment of the Office of the Special Master to assist in the compensation of victims,<sup>1</sup> and refugee and food assistance programs in Afghanistan, Pakistan, and other neighboring countries.
- On **October 22**, the Administration released another \$71.4 million to DOD for increased situational awareness and the initial costs for National Guard personnel to provide airport security.

## **\$10 Billion, 15-Day Release**

***\$1.6 billion released, \$8.4 billion remaining***

On October 22, the Administration provided its plan to Congress to spend \$1.6 billion for increased airport security, food assistance programs in foreign countries, economic assistance to Pakistan, counterterrorism activities, and national security operations. Of this amount, \$1.1 billion is for DOD programs to increase situational awareness, improve command and control, provide airport security, fight terrorism, and other purposes. This funding is available to be obligated in 15 days.

### **The \$40 Billion Emergency Supplemental: \$20 Billion Enacted for Immediate and 15-Day Release**

<b>Immediate Release</b>		<b>\$10 billion</b>	<b>15-Day Release</b>		<b>\$10 billion</b>
Defense	\$4.3 billion		Defense	\$1.1 billion	
FEMA	\$2.0 billion		Other Agencies	\$488 million	
Other Agencies	\$868 million				
Total Remaining	\$2.8 billion		Total Remaining	\$8.4 billion	

*Total Remaining: \$11.2 billion*

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<sup>1</sup>Actual payments to the families of victims are not covered by P.L. 107-38.

## **\$20 Billion, New Legislation Required**

### ***\$20 billion requested***

On October 17, the Administration sent its request to Congress for the \$20 billion of the emergency supplemental that becomes available only after Congress appropriates it in separate legislation. The request includes \$7.4 billion for DOD, \$5.5 billion for FEMA, \$2.0 billion for the Department of Labor's National Emergency Grants, \$1.6 billion for the Department of Health and Human Services' Public Health and Social Services Emergency Fund, \$1.1 billion for the Department of Justice, and \$2.4 billion for various other agencies. The Administration classifies the \$20 billion as including \$7 billion for fighting terrorism, \$6.3 billion for recovery efforts in New York, and \$6.9 billion for disaster response elsewhere and homeland security needs.

- ***Defense (\$7.4 billion)*** — The request includes \$2.9 billion for increased worldwide posture, \$1.7 billion for increased situational awareness, \$925 million for Pentagon repair and upgrade, \$881 million for enhanced force protection, \$545 million for offensive counterterrorism, \$219 million for improved command and control, and \$106 million for initial crisis response.
- ***FEMA (\$5.5 billion)*** — The request includes \$4.9 billion for additional disaster relief efforts in New Jersey, New York, and Virginia that include helping individual victims, removing debris from the World Trade Center site, and rebuilding public infrastructure. The remaining \$600 million would provide equipment and training grants for improving terrorism and chemical-biological response capabilities, and support efforts to improve terrorism preparedness coordination among federal, state, and local governments.
- ***Labor (\$2.0 billion)*** — The request includes \$2 billion for National Emergency Grants that may provide employment and training assistance, including COBRA coverage assistance for dislocated workers, in states where the attacks of September 11 contributed importantly to closures or layoffs.
- ***Public Health and Social Services Emergency Fund (\$1.6 billion)*** — The request includes \$1.6 billion to buy medicine, supplies, and equipment to treat victims of biological or chemical attacks; accelerate the production of the smallpox vaccine; and enhance imported food inspections.
- ***Justice (\$1.1 billion)*** — The request includes funding for the Federal Bureau of Investigation; the Immigration and Naturalization Service; U.S. Attorneys, U.S. Marshals, the Office of the Special Master and other legal activities; the Office for Victims of Crime; and other Department of Justice operations.
- ***Other Agencies (\$2.4 billion)*** — The request also includes \$734 million for the Department of Transportation, \$315 million for the Department of the Treasury, \$256 million for the Legislative Branch, \$200 million for the General Services

Administration, \$150 million for the Small Business Administration, \$139 million for the Corps of Engineers, \$118 million for the Department of Energy, and approximately \$520 million for other agencies and departments (each receiving less than \$100 million).

## **Funding for New York, Virginia, and Pennsylvania**

According to the Administration's tally, New York and other affected communities have received \$2.5 billion to date under P.L. 107-38, with another \$6.3 billion proposed in the recent \$20 billion request. However, the Administration also claims that New York and the other affected communities will receive \$13 billion by including in the total an unspecified \$1 billion and another \$3.2 billion from other laws and proposals since the September 11 attacks.

The expressed intent of the emergency supplemental measure is to make *at least* half of its \$40 billion available to those affected by the September 11 attacks in New York, Virginia, and Pennsylvania. Accordingly, some believe that New York should receive \$20 billion of the \$40 billion emergency supplemental. Indeed, it has been widely reported that President Bush expressly promised the New York Senators \$20 billion for the needs in New York alone. Others assume the legislation intends to provide New York — and the affected communities in Virginia and Pennsylvania — with at least \$20 billion. Still others interpret the language to include any domestic security spending within the \$20 billion.

Even less clear is the distinction of which spending should be classified as “disaster recovery activities and assistance related to the terrorist acts in New York, Virginia, and Pennsylvania.” For example, should the funding that DOD uses to provide national guard troops to protect New York City streets or subways be counted as part of the \$20 billion for the three affected states? Thus far, such questions have not been clearly answered by the Administration.

The Bush Administration is promising New York \$20 billion, but some of the money will come from policies outside of the \$40 billion emergency supplemental. Unfortunately, by counting dollars that so far exist only in other Administration proposals (such as economic stimulus legislation) towards the affected communities' \$20 billion total, the Administration seems to be suggesting that the affected communities will not receive half of the \$40 billion emergency supplemental.

The Administration has now either allocated or proposed to allocate \$28.8 billion of the \$40 billion supplemental, with \$11.2 billion uncommitted. The Administration's own count shows that New York has received \$9.8 billion (including \$1 billion reserved but not yet specified, and therefore part of the uncommitted \$11.2 billion) from the \$40 billion supplemental. To comply with the law that “not less than” half of the \$40 billion go to New York, Virginia, and Pennsylvania, *all* of the remaining uncommitted funding *must* be used for the affected communities. This is not the Administration's plan. The fact that the Administration is arguing that funding from other sources should be counted as assistance for New York suggests that the Administration is not planning to make at least \$20 billion of the \$40 billion supplemental available to the affected communities in New York, Virginia, and Pennsylvania.

## **Appendix**

### **How the Congressional Budget Office Will Score the \$40 Billion Emergency Supplemental**

The fragmented nature of the \$40 billion has created questions about the correct way to assign its costs to specific fiscal years. CBO has decided to score \$20 billion as 2001 budget authority. This represents the first two \$10 billion blocks: the Immediate Release and the 15-Day Release portions. That entire amount is assigned to 2001 because Congress enacted it during fiscal year 2001, and no further action by Congress is necessary. Thus, even though only \$6.9 billion of this \$20 billion was released by the Office of Management and Budget during fiscal year 2001, the entire amount is “scored” as 2001 budget authority.

The outlays associated with this \$20 billion of 2001 budget authority have not been officially scored by CBO due to the lack of specificity on how the funds will be used. However, based on discussions with CBO officials, little if any of the \$20 billion will be scored as outlays in 2001 because the supplemental appropriation was enacted so late in the fiscal year. Most or all of the outlays will be scored in 2002 and beyond. The specific amounts will be known after CBO collects more data.

The second portion of \$20 billion in budget authority will be scored in the year in which it is enacted. Presumably, this will be in fiscal year 2002. The outlays associated with this \$20 billion will be scored in fiscal year 2002 and beyond, again based on how the funds will be used.